

19 MAY 1949

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GENERAL

1. US, British, and French views on CFM meeting--US Ambassador Jessup in Paris reports that substantial agreement was reached in the first talks with the British and French representatives regarding the forthcoming meeting of the Council of Foreign Ministers. Jessup indicates it was agreed that: (a) unification of Germany is desirable under the proper conditions; (b) a united Germany should be free to associate itself with the West; (c) there should be no delay in implementing the west German government; (d) a boundary commission to study Germany's eastern frontier is desirable; and (e) Austria should be discussed sometime during the CFM meeting. According to Jessup, the French specify as conditions for the unification of Germany the extension of the Bonn Constitution and free German elections. The French representative believes that if the CFM does not achieve concrete results, there may be a recurrence of international tension; he therefore considers it may be necessary to come to a limited solution involving some degree of co-ordination between the east and west German systems and a temporary arrangement for Berlin. Jessup made it clear that the US does not favor the withdrawal of US forces from Germany or any disposition of those forces which would weaken US influence in Europe. Jessup indicated that the US intends to insist that the USSR relinquish ownership of property in the Eastern Zone before there can be any unification of Germany.

S/TS

FAR EAST

2. CHINA: Early fall of Canton predicted--US Counselor Clark at Canton expresses the belief that Canton will fall to the Communists about mid-June. Clark regards as "largely wishful thinking" the current talk among Nationalist officials on the possibility of

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rallying northwest and southwest China behind a government removed to Chungking or elsewhere. Clark believes that Acting President Li Tsung-jen may attempt to move the National Government from Canton but will eventually go abroad and attempt to rally overseas Chinese support for anti-Communist resistance in China. Clark requests guidance on whether to follow any National Government which might be set up elsewhere than Canton.

(CIA Comment: CIA believes that although Communist forces are capable of greatly accelerating present military operations and of reaching Canton within a month, the Communists will continue their tactics of methodical absorption and will probably not take the city before August.)

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